RICHARD MYLES JOHNSON
FOUNDATION
BUILDING LEADERS & FINANCIALLY SOUND CONSUMERS

2011 Beacon Youth Financial Education Award

Nomination Form

The Beacon Award recognizes individuals, credit unions, and other organizations making a difference in their community with outreach efforts focused on youth financial literacy.

☐ ***Individual Entry*** **X** ***Organization Entry***

CREDIT UNION / ORGANIZATION NOMINEE

Credit Union/Organization: Meriwest Credit Union

CEO: Christopher Owen

Address 5615 Chesbro Ave, San Jose CA 95123

Telephone 4083656328

Submitted by (if different from nominee):

Name Gregory Meyer

Title Community Relations Manager

Credit Union: Meriwest Credit Union

Telephone 4083656328 Asset Size as of 12/31/10: $1.075 Billion

E-mail address: gmeyer@meriwest.com

Entry Deadline: September 8, 2011

2011 Beacon Award Nomination *continued:*

Support documentation:

- Describe your (if nominating yourself or your credit union) or your nominee's efforts to further youth financial literacy initiatives.

(Please send a hard copy and an electronic version with supporting documents)

Please submit by mail to: **By September 8, 2011**

RMJ Foundation / Beacon Awards
2855 E. Guasti Road, Suite 600
Ontario, CA 91761

2011 Beacon Youth Financial Education Award
Guidelines for Submitting Nominations

Purpose

The vision of the Richard Myles Johnson (RMJ) Foundation is to "shine a brighter light on financial education." In the spirit of this vision, the Annual RMJ Foundation's Beacon Youth Financial Education Award is given.

The **Beacon Youth Financial Education Award** recognizes the work of those promoting the principles of the credit union movement through education. Nominees can include individuals, credit unions, corporations, other non-profit organizations, or media – anyone that is shining a brighter light on youth financial education.

Eligible Activities

Classroom-based curriculum, community educational projects, public awareness campaigns, theatrical presentations, television, radio or Web-based programming, newspaper columns dedicated to youth financial literacy, and others. Qualifying entities: Credit unions, corporations, school systems, non-profit, organizations, media, and individuals.

Impact of Financial Education

The financial education support material submitted with the application should feature both quantifiable elements (number of persons impacted, measurable ways in which the program or project communicated its message, etc.) and how it made a difference in people's lives. Special consideration will be given to innovation, creativity, and risk-taking activities that have a broad impact on financial education in the community.

Procedures
Form of Nomination: Application form, Summary Statement, Support Documentation.
Use application form provided. Support document should be in the most concise format possible.
(Please send a hard copy and an electronic version, including supporting documents.)

Rules and Responsibilities
Nominees need not be members of a credit union; however, all nominations must be made through a credit union or chapter. A nominee may be nominated by more than one credit union. This will not increase chance of winning and all nominators will be given equal weight.

Nomination Deadline
The Foundation is seeking nominations for the 2011 awards, to be presented at the Beacon Awards Gala held the day prior to the California's Credit Union League's Annual Meeting and Convention. The deadline for nominations is **September 8, 2011.**

October 25, 2011: Beacon Award activities

The awards will be presented at the Beacon Awards Gala on Tuesday, October 25, 2011. The event will be held at in conjunction with the California & Nevada Credit Union Leagues' Annual Meeting & Convention.

If you have any questions, please contact Tena Lozano at 800.472.1702, ext. 6057, or by email at tlozano@rmjfoundation.org.

Please answer the following questions, limiting your answers to a maximum of 300 words for each question:

1. Who was the target audience for this project and how many individuals did the project reach (with evidence of results)?

The primary target audience for our Reality Based Budget workshop is teenagers, aged 13-19. We focus these materials on the 7th thru 12th grade and also on recent college bound high school graduates as well as high school aged trade school students. We invited parents to join their teens in our Reality Based Budget workshops, Auto Finance 101, and Establishing Credit. This gave them the opportunity to have an entirely new conversation together about money and how it is managed.

The Credit Management and Budget workshops are focused on young people preparing for adult life, high school juniors and seniors. Our purpose in focusing on this demographic was to give them information they can use regarding credit, predatory lending, opening a first checking account, and identity theft. We felt that if we outreached to them early, before they had the chance to make fiscal mistakes, we could save them heartache and disappointment when dealing with financial services in the real world.

We have accessed our target audience through middle and high schools, club organizations, trade schools, youth oriented non-profit agencies, and through our own membership. We have used a variety of media to get the message out. To reach our targeted demographic, we used email, web advertising, the Meriwest Messenger (our eNewsletter), and the recommendation of teachers in the schools and the program managers at the agencies where the programs have been presented, to help get the word out to their students and clients with flyers.

In school year 2010 – 2011 we presented to over 2,800 young people in our workshops; this is more than a 90% increase over last school year's youth education results. A spreadsheet documenting the dates, locations, and numbers of attendees in our workshops is included in the supporting documentation.

2. What is the greatest benefit of your financial literacy project?

The greatest benefit is the increased financial knowledge of the young people in our workshops. The workshops, Reality Based Budgets, Auto Finance 101, and Establishing Credit were created to reinforce each other. In our budget workshops they will understand how to manage their expenses and make savings a habit and a permanent part of their budget. The simple act of savings creates an improved future for these youth as savings means a larger downpayment on a car and improved chances for better borrowing rates.

Auto Finance 101 reinforces the need for a personal budget in order to understand the concept of disposable income and debt to income ratios in loan underwriting. Auto Finance also goes into depth on the need to manage bills and personal credit early in one's life so they may qualify for an affordable auto loan. We also provide some sales negotiating tips in the process.

Establishing Credit provides our teenagers with the basics on secured and unsecured credit. It goes into depth on the various credit programs available and describes how a person's credit is emblematic of their character. In the future, financial institutions will often judge them based upon their credit scores. We teach them the factors involved in credit scoring and how their actions and, in some cases, inactions can disrupt their ability to access good quality credit.

(Continued)

The improved financial knowledge is the greatest benefit foster youth, graduating seniors and trade school students have after completing all three workshops. At that point they have the basic information everyone needs to save their money, negotiate an auto deal and seek out proper affordable financing. Savings skills translate well into investment and retirement planning. Credit knowledge and negotiating skills will be useful in the future when that young person decides to purchase a home.

3. What was unique and/or innovative about this project?

Rather than have middle school and high school students work up a budget based on their allowance or part-time job, we had them create the first monthly budget worksheet they might use as an adult. We had lengthy discussions with them to generate the numbers they needed for their expense categories. We gave them a real life scenario that engaged their problem solving skills.

Many of the parents who have attended our workshops with their kids tell us how their teenagers had many preconceived notions about life as an adult. In our workshops they had an awakening in regard to managing their personal post college budget. Costs associated with everyday living and expenses conflicted with the idea of "disposable income." Students found the decisions that had to be made were often out of their element and very difficult to settle. These were the instances where parents and teachers helped support the students, helping them determine the estimated costs of the expenses. For example, a majority of our students had no idea how much food, electricity, and cable TV/Internet cost.

In virtually all of our budget workshops, our students were more inclined to make personal sacrifices to save money rather than take from their savings. This made us very proud and surprised a number of teachers and our teens' parents!

The final innovative key to our Youth "Financial Education for All" Strategy was the Meriwest Credit Union Flow Account and Debit Card. The Flow Account is a transaction account that encourages young people to exercise financial freedom and responsibility. The account features a VISA Debit card with free online banking; allowing kids to spend their money and track their balances and transactions using their computer, ATM or smart phone. Parents and young people manage the account together. The account is shared with a parent who can set email alerts, so if balances reach a certain level or purchases are over certain cost limits, the parents are alerted and can immediately address it with their child. Since making the Flow Account available on Dec. 7th 2009, Meriwest Credit Union has opened over 1,300 accounts.

4. How was the project communicated and/or presented to reach the target audience (i.e. medium used and forms of communication)?

In developing the youth education materials, we designed them with a current day teen appeal in mind. We utilized teen lifestyle imagery and an exciting use of color to bring attention to the materials. We created additional materials for the parents of our students providing them with information on creating youth Flow Accounts.

In consideration of the young adults and teens with which we would be working, we built the youth curriculum and the presentation materials around them. We kept it at an understandable level to keep it applicable to our audience. It is important that people learn finance, it is equally important they learn the proper terminology when dealing with the various aspects of money and credit. We gave our students glossaries and financial “Tip Sheets” that reflected what was presented in the classes. Copies of the Powerpoint presentations are always provided to our attendees. Copies of all materials are included with this application.

We presented the workshops both at our main office and in local schools. We developed relationships with teachers and school administrators to expand the program’s reach to a large number of students.

One of the most important aspects of the presentations is the energy with which it is presented. Young people can “zone out” and be disinterested from the beginning with some presenters. The presenter must be able to engage the students from the very beginning. Presenters must involve the students in each part of the program; constant interaction is important to the success of each workshop. Presenters engage the students with simple questions that the students can relate too. “How much is your cellphone each month?” “How much will it cost to eat at home instead of eating out?” “When you drive, how much gas will you use on a weekly basis?” Once presented with situations that are relative to everyday occurrences, students relate better and offer interesting and unique methods of saving money or managing expenses. At that point, the presenter often becomes a referee between students opposing views and helps to identify which approach may be the best use for their money or arbitrate the costs of budget items, creating a more interactive environment in the class.

5. Outline of the Project and/or Curriculum:

Teen Reality Based Budget

A. The situation is as follows:
    a. They have a 4 year degree
    b. They are moving to a city similar to the one they live in now and must find an apartment. No one lives at home.
    c. They have a job and will have a salary of $45K per annum.
        i. $3,750 Per month gross
        ii. $2,500 net after taxes and benefits
    d. They have $7,500 in savings.
        i. Using the savings, the students must rent an apartment. They will use $2,000 for the deposit.
        ii. They must furnish the apartment. $1,250 will be budgeted for living room ($500), kitchen ($250), and bedroom ($500) furniture costs.
            1. Students do not have to use the entire budgeted amount. They can skip a kitchen table or nightstand if they wish to save money in their savings.
        iii. They must purchase a car. Information on various cars and payment options will be provided in the student handout. Each loan is based upon a $4,000 down payment. See student handout for details on the car deals.
        iv. In building their budget, they must start replenishing the savings account. **This is the #1 goal.**

B. The presenter will review and suggest various budget items and students will suggest budget dollar amounts for each item.

C. As a group, the students will then be required to come to a consensus on items or services that could be reduced or eliminated from the budget.

D. When the budget is completed the students will be asked **how long it will take at the current savings rate to get back to the $7,500 level at which they started?** What if you got a 10% raise next year? How much would you increase the amount going to your savings?
    i. Now that they have their car and furniture, what else might they be saving for now?
    ii. If the students are saving or could start saving now, what would they save for?

Auto Finance 101-Ready, Set, GO!

A. Get ready for your car purchase.
    a. Know your budget
    b. Know your credit standing
    c. Save for a down payment
B. Get set to do your research on your car and your purchase
    a. Research vehicles in your price range
    b. Shop for your financing
    c. Lease or Buy?
    d. Review these factors for a final decision on the type of vehicle to buy and financing.
C. Go to the dealer and make your deal
    a. Negotiate your price and your financing
    b. Complete the credit application
    c. Optional products?
        i. GAP Insurance
        ii. Extended Service Contracts
    d. Read your contract before signing

Establishing Credit – There is a Right way & A Wrong Way

A. Correct way to establish credit
    a. Open a checking account-Manage it well
        i. Establishes your Credit File
    b. Pay bills on time
        i. Do not allow bills to go 90 days
B. The Wrong Way – Collections
    a. Bills unpaid for >90 days will become collections
    b. Collections stay on your record as a negative item for 7 years
        i. Paid collections still have a negative effect on your credit
C. How do lenders rate you?
    a. Application gathers info on jobs, income, debt, investment, checking and savings

b. Credit report provides the FICO score and details of past credit use
c. Discussion of FICO scores components

D. Loans and Credit Cards
    a. Manage credit
        i. On time payments
        ii. Principal pay downs
        iii. Avoid minimum payments
    b. Secured Credit – Collateralized Credit
        i. Secured Visa/Mastercard Credit Cards
        ii. Credit union share loans
    c. Unsecured Credit
        i. Promise to pay.
        ii. Limits determined by credit record and income
        iii. Types of Cards
            1. General Purpose-Visa/MC/Discover
            2. Retail Stores
            3. Gas Cards
            4. Charge Cards – AmExpress, Diner’s Club
    d. Cost of Credit
        i. Rates/Terms
        ii. Costs of Alternative credit (pay day loans)